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ASX goes ahead with blockchain post-trade revamp

The Australian Stock Exchange (ASX) is set to replace the Clearing House Electronic Subregister System (CHESS), which underpins its post-trade processes, with distributed ledger technology (DLT) developed by its partner Digital Asset.

The decision follows more than two years of testing and development, and represents a milestone in development of DLT.

The technology is intended to enhance the exchange's clearing and settlement transactions through better record keeping, reduced reconciliation, better quality data and faster transaction times.

ASX has conducted several demonstrations and workshops over the last two years, which it said confirmed confidence in the "functional, capacity, security and resilience capabilities of Digital Asset's application of DLT". It also conducted stakeholder consultations and briefing with regulators. The testing included two independent third-party security reviews of Digital Asset's technology.

ASX said that the scope of day-one functionality, and the proposed timing for transition, are expected to be released for market feedback at the end of March 2018.

Dominic Stevens, managing director and CEO of ASX, commented: "ASX has been carefully examining distributed ledger technology for almost two-and-a-half years, including the last two years with Digital Asset, in order to understand its potential application."

"Having completed this work, we believe that using DLT to replace CHESS will enable our customers to develop new services and reduce their costs, and it will put Australia at the forefront of innovation in financial markets. While we have a lot more work still to do, today's announcement is a major milestone on that journey."

Blythe Masters, CEO of Digital Asset, said: "After so much hype surrounding distributed ledger technology, today's announcement delivers the first meaningful proof that the technology can live up to its potential."

"Together, Digital Asset and our client ASX have shown that the technology not only works, but can meet the requirements of mission critical financial infrastructure."

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Asset Servicing Times issue 180

MiFID weaknesses exposed in EEA

Cyprus, Iceland and the Netherlands have significant weaknesses in their supervisory approaches towards the first Markets in Financial Instruments Directive (MiFID), according to a peer review by the European Securities and Markets Authority (ESMA).

ESMA made the statement in its review on the guidelines of certain aspects of the compliance function under MiFID II, published 29 November.

Although Cyprus, Iceland and the Netherlands showed some faults in their approaches, ESMA stated that there was, overall, "a high level of compliance by the majority of European economic areas (EEA) national competent authorities".

ESMA said those countries it did not identify as having good practices would be consulted on how they can make improvements in time for the MiFID II deadline.

The review studied national competent authorities' (NCAs) supervision of investment firms' compliance functions from July 2014 to June 2016.

The assessment also involved on-site visits of the NCAs from Austria, Cyprus, Denmark, France and Slovakia. ESMA specifically reviewed how those NCAs carried out risk assessments and monitored compliance obligations and how their reports were made to senior management.

The review "positively assessed" 27 NCAs out of 31 authorities, which it said would be ready for MiFID II's implementation on 3 January 2018.

Out of those 27 positively assessed, 22 were also positively assessed on their supervision of the compliance function's advisory role.

In the review, ESMA said: "[ESMA] found diversity in the supervisory approaches applied by NCAs, showing a different reliance on the compliance function as a key source of information on the firm's compliance with MiFID requirements."

"In the scope of this peer review, certain NCAs applied a more robust process than others, relating to certain aspects of the guidelines. Different emphasis observed at NCAs often originated from national market specificities."

ESMA added: "For many authorities, the compliance function was generally not the main target in supervisory reviews but an ancillary target of supervision of firms' obligations under MiFID."

Despite ESMA's investigations, some authorities, such as Finanstilsynet, the Norwegian supervisory authority, expressed concern last month that some EEA members "remain in the dark" over the EU's authority to impose MiFID II.

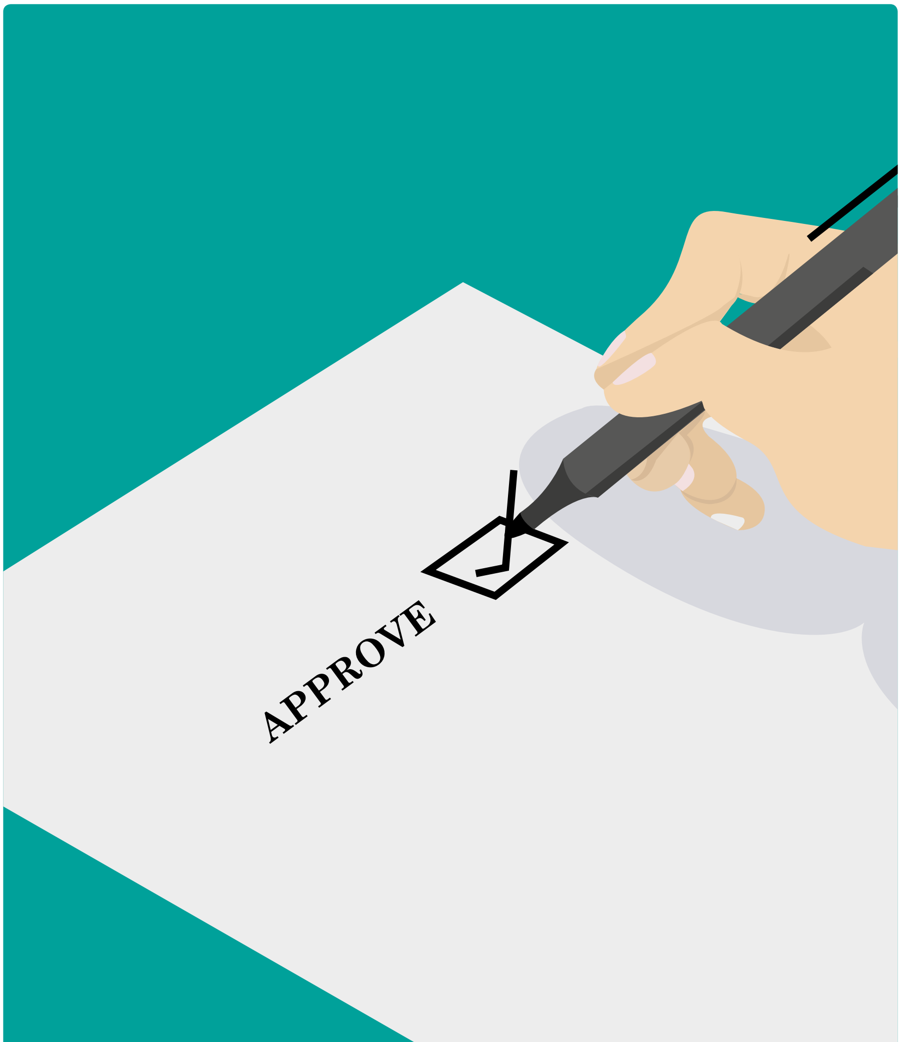
In a statement on the country's regulatory roadmap, Finanstilsynet said: "[We] will in the near future adopt the Norwegian regulations as announced. However, much uncertainty relates to ESMA's assessment of the EEA legal basis for ESMA's treatment of Norwegian trading venues and investment firms."

For EEA members, ongoing equal treatment is dependant on the decisions of ESMA.

ESMA will be responsible for adding Norwegian financial services to its list of institutions that meet necessary requirements related to MiFID II, immediately after the implementation date.

Finanstilsynet's concerns highlight problems that other third-party members and neighbouring economies will face in the future. For example, the UK will face similar issues in the years to come amid the uncertainty surrounding Brexit negotiations.

The UK's Financial Conduct Authority has indicated it will accept a soft roll out of MiFID II, come January.



Deutsche Borse approved by BaFin as ARM and APA

BaFin, the German Federal Financial Supervisory Authority, has approved Deutsche Boerse's Approved Reporting Mechanism (ARM) and Approved Publication Arrangement (APA) as compliant with the second Markets in Financial Instruments Directive (MiFID II).

The approval means Deutsche Boerse's regulatory reporting hub (RRH) can offer ARM and APA services from 3 January 2018.

Through its RRH, Deutsche Boerse can offer clients regulatory reporting services that include commodity position reporting and systematic internaliser solutions.

Deutsche Boerse gave current clients access to a pilot programme for a period of 12 months prior to its BaFin approval, which provided access to the RRH.

It launched a European Market Infrastructure Regulation (EMIR) reporting solution as the first service of the RRH, which came into effect on 1 November.

Georg Gross, head of regulatory services at Deutsche Boerse, said: "As part of our strategy to provide regulatory infrastructure, we will continue to add further features and services to our offering."

He added: "In the short term, the onboarding of more than 2,000 investment firms from all over Europe to our platform is our key focus."

NEX regulatory reporting tool approved as trade repository under EMIR

NEX Regulatory Reporting has received approval from the European Securities and Markets Authority (ESMA) to become a trade repository under the European Market Infrastructure Regulation (EMIR).

The trade repository, which will be based in Stockholm, Sweden, will prepare NEX for its trade operations post-Brexit.

According to NEX, the creation of its new trade repository will give clients end-to-end control and better data processing, helping them to meet EMIR reporting requirements.

Providing increased security for customers and their data through continuous automated backups and robust security policies, the new trade repository will help to prevent, detect and recover data from cybersecurity attacks.

NEX Regulatory Reporting has provided EMIR services to its clients since the initial regime came into effect in February 2014.

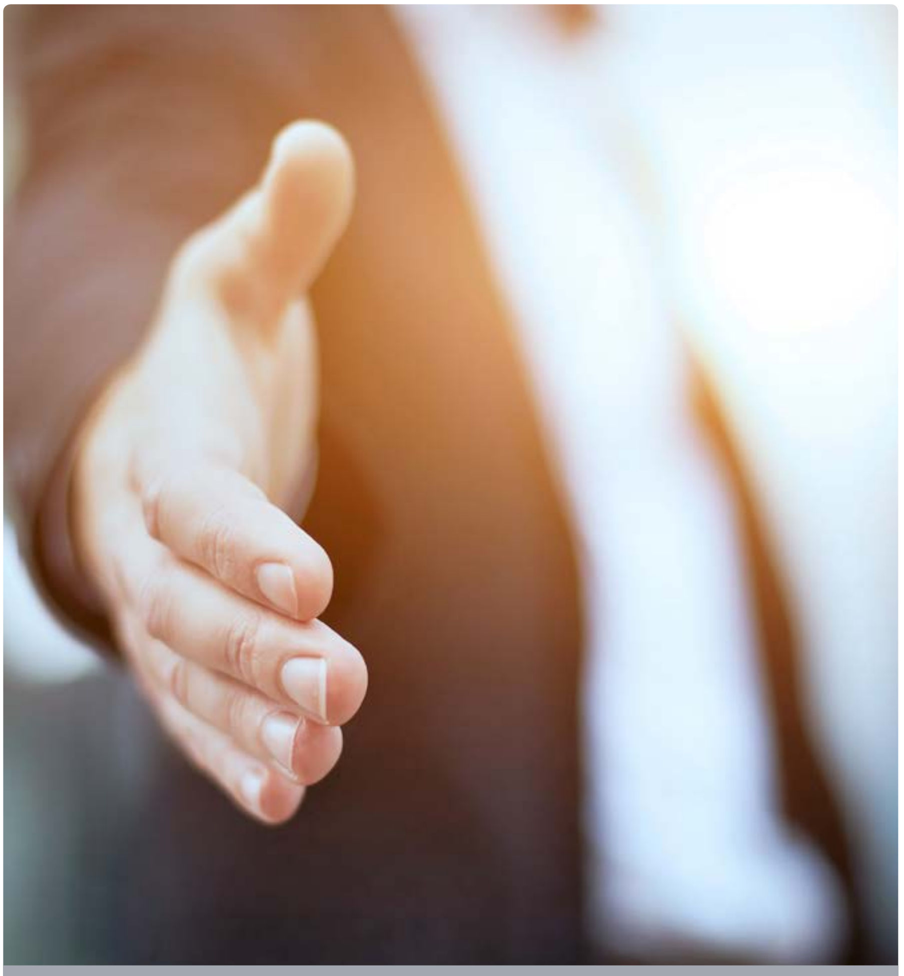
According to NEX, the solution processes around 20 percent of the average daily volume of all EMIR reportable transactions. The new trade repository has been built using cloud technology through Amazon Web Services.

Collin Coleman, CEO of NEX Regulatory Reporting, commented: "Our goal is to provide a genuine end-to-end solution for our clients to meet all of their reporting requirements under EMIR, the second Markets in Financial Instruments Directive and other international regimes."

He added: "The launch of our trade repository is a further step in simplifying and managing our client's reporting requirements across multiple regimes, while ensuring a uniform service is delivered."

CSD Prague opens Euroclear Bank account for cross-border settlement

CSD Prague has opened a direct account with Euroclear Bank SA/NV and initiated the corresponding settlement link, which has been live as of 1 December.



AxiomSL and GridCon partner up on regulatory data transition

AxiomSL has partnered with German regulatory support provider GridCon to reduce risk in data migration.

The partnership is intended to expand AxiomSL's footprint in Germany, combining the platform with GridCon's expertise in data models and German reporting requirements with the AxiomSL reporting platform. AxiomSL has also recently opened a Frankfurt office.

Clients will be able to submit raw data in a standard format, and GridCon's adaptor will convert this into the AxiomSL input data models.

This will allow for more streamlined transition of data from existing solutions to AxiomSL's platform, and AxiomSL will then generate reports and submit them to the relevant authorities as quickly as possible.

Hasan Mercan, managing director of GridCon, commented: "The cooperation of AxiomSL and GridCon combines the core competencies of two market-leading companies in the banking industry."

Ed Royan, CEO of AxiomSL for Europe, the Middle East and Africa, added: "This strategic agreement will provide us with a key tool for easy and seamless data migration process from other vendors over to AxiomSL's regulatory platform."

"With the opening of our new Frankfurt office, we are thrilled to address the requirements of Germany-based financial institutions for an effortless data transition."

The account will allow the central securities depositary to access a wider range of services and to have access to many additional foreign markets, according to Euroclear.

Euroclear Bank provides settlement and related securities services for cross-border transactions involving domestic and international bonds, equities, derivatives and investment funds.

Petr Koblic, CEO of the Prague Stock Exchange and chair of CSD Prague, commented: "Capital markets are facing multiple challenges in the field of legislation, technology and innovation in general. Euroclear is a leading company which explores new technology solutions and implements them together with its participants."

"I am glad that we are a member of such a group and that our market can benefit from working with Euroclear."

Helena Čacká, CEO of CSD Prague, added: "This relationship with Euroclear will provide us with a safe and efficient settlement link, permitting us to use all services related to corporate events and the potential to further develop services related to foreign securities."

CME Group delves into bitcoin futures

CME Group has self-listed a bitcoin futures contract, to start on 18 December.

The new contract will be listed on, and subject to the rules of, CME. It will be available for trading on the CME Globex electronic trading platform, and for clearing through CME ClearPort.

The launch follows work with the US Commodity Futures Trading Commission and market participants. The offering is intended to provide investors with improved transparency, price discovery and risk transfer capabilities.

Terry Duffy, group chair and CEO of CME, said: "At launch, our new bitcoin futures contract will be subject to a variety of risk management tools, including an initial margin of 35 percent, position and intraday price limits, and a number of other risk and credit controls that CME Group offers on all of its products."

FRS expands presence to Asia

Financial Risk Solutions (FRS) has opened its first two offices outside of Europe, in Hong Kong and Malaysia.

FRS software industrialises investment operations for asset managers and life insurance firms, leading to better efficiency, reduced risk and easier scalability.

The move follows research into strategic growth in the region, including meeting with asset managers and life insurance firms throughout Asia, over 18 months.

Peter Caslin, founder and CEO of Financial Risk Solutions, commented: “This has been an exciting year of growth for FRS in terms of new geographies.”

He added: “FRS has met with many of our regional colleagues through events across Asia. Our reputation for market-leading software solutions has resulted in numerous new relationships, and we look forward to expanding our service to our Asian partners.”

Matthew Baldwin, head of Asia for FRS, said: “The ongoing success of FRS is underpinned by our commitment to technological innovation.”

GoldenSource launches Nexus solution

GoldenSource has launched its new Nexus hosted data management solution, intended to provide a single source of market and reference data.

The solution allows investment managers to bring in new datasets and combine them with existing ones, making all data available to the appropriate systems, and thereby simplifying trade transactions and transaction reporting.

Supporting front-to-back office operations, Nexus will allow managers to scale existing technology infrastructure to accommodate new asset classes, and funding liquidity and reporting modernisation requirements.

It can also assist firms in satisfying their regulatory requirements under the likes of the second Markets in Financial Instruments Directive (MiFID II).

Prashant Kumar, senior vice president at GoldenSource, commented: “For too long now, portfolio managers have been bogged down with distracting activities, such as having to approach multiple IT people in order to download their own extracts from spreadsheets.”

He added: “The amount of regulatory reporting on different products being traded that needs to be done is now at breaking point. All this additional information needs to be identified for each transaction, which leaves a huge amount of counterparty data that now needs to be managed.”

“GoldenSource Nexus makes sure the right information is made available throughout, for example, the MiFID II reporting stages. The same rigorous methodology is also applied to data and processes for pricing, order management, performance attribution, the investment book of record and risk.”

Citi chosen to provide ETF services

EntrepreneurShares has selected Citi to provide a full range of exchange-traded fund (ETF) services for its first ETF.

Citi will provide EntrepreneurShares with fund accounting and administration, custody and transfer agency services.

Dominic Crowe, global head of product strategy for Citi’s custody and fund services, said: “We are very pleased to be chosen by EntrepreneurShares to support their ETF servicing needs.”

He added: “This mandate demonstrates Citi’s commitment to the ETF space as we continue to optimise and invest in our ETF talent and technology across all our markets and securities services businesses.”

Joel Shulman, managing director at EntrepreneurShares, said: “Citi’s strategic approach to ETFs was a core factor in our choice. Their strong commitment to provide services for the ETF industry is impressive and supports our growth plans.”

Canadian deals abound for Broadridge

Broadridge Financial Solutions has been selected to provide its suite of wealth and fund management technology solutions to Canadian manager Worldsource Financial Management and associated investment dealer Worldsource Securities.

The solutions will act as a foundation to the firms’ end-to-end business processing platforms, in a bid to improve operational efficiency and mitigate risk across the investment lifecycle.

Broadridge’s Dataphile platform will be integrated into the back-office systems, introducing automated client onboarding and regulatory and marketing communications.

Michael Dignam, president of Canadian securities processing solutions at Broadridge, commented: “Leveraging our market-leading wealth management platform, Broadridge has developed innovative desktop solutions for advisors that connect the upstream and downstream process, to help clients drive better business performance.”

He added: “We are focused on utilising next-generation technology to help clients, and the industry, get ahead of today’s challenges to capitalise on what’s next.”

John Hunt, president and CEO of Worldsource Financial Management and Worldsource Securities, said: “Worldsource has a singular focus: to provide sophisticated and comprehensive support to independent advisors across Canada.”

Broadridge has also partnered with Canadian digital investment service Wealthsimple, to provide an automated investment management service supporting advisor-investor and direct-to-investor models. The partnership is intended to improve efficiency in clients’ onboarding, compliance and account transfer capabilities.

Dignam said: “Our wealth solutions have the unique capacity to support both securities and mutual fund dealers, on a single platform, even though they are separately regulated entities in Canada.”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SmartStream expands India business

SmartStream has opened a new office in Jaipur, India, initially to serve a particular tier-one investment bank.

The managed service office will provide reconciliation, corporate action and cash management services for the client, which has not been named.

SmartStream has transferred the bank's operations and processes to the new site, and will manage its Jaipur and Bangalore sites.

The client was previously managed from SmartStream's Bangalore office, but the move is intended to provide increased business continuity and resilience.

The new office will be managed by Nick Smith, senior vice president of managed services at SmartStream.

Smith said: "We are delighted to service our major client initially from our Bangalore campus and now our brand new location in Jaipur, where we have the necessary infrastructure for a managed service offering and an excellent talent pool—hiring the best people for the job is one of the key advantages of this office."

"Since the opening there has been an incredible amount of interest from other financial institutions. Our goal is clearly to service our clients with the best technology and the fully-trained staff who can provide the best quality service".

Dutch custody win for BNP Paribas

BNP Paribas Securities Services has been selected as global custodian for Ahold Pensioenfonds, the €4.5 billion pension fund of Dutch supermarket group Ahold Delhaize.

As well as custody services, BNP Paribas will provide investment accounting, compliance services, regulatory reporting, performance measurement and risk reporting. The mandate is effective from 1 January 2018.

According to BNP Paribas, the mandate is further development in its securities services offering in the Netherlands, following the acquisition of an asset administration platform in the country earlier this year.

John de Waal, senior director of finance and risk at Ahold Pensioenfonds, said: "After an extensive selection process we selected BNP Paribas Securities Services as our new custodian. BNP Paribas Securities Services offers local services tailored to our needs and requirements, supported by a solid global custody organisation."

Robert van Kerkhoff, head of BNP Paribas Securities Services in the Netherlands, commented: "We are delighted to welcome Ahold Pensioenfonds as a client. This mandate win underlines our growing strengths in the Dutch institutional market and our ability to deliver operational innovation and service quality to major institutional investors in the Netherlands."

Link Asset Services appointed to provide fund administration for REIT

Warehouse REIT, a specialist investor managed by Tilstone Partners, has selected Link Asset Services to provide fund administration.

The mandate follows Warehouse's successful £150 million initial public offering earlier this year, and its admission to Aim, the London Stock Exchange's market for small and mid-cap companies.

This is also the Link Group's first new client since its acquisition of Capita Asset Services (CAS) last month.

As well as fund administration, Link will provide the real estate investment trust with company secretarial and registrar services.

Gordon Shaw, managing director for fund solutions at Link Asset Services, said: "This appointment…recognises our expertise in administering REIT structures, as well as the ongoing investment we have made in our processes and Yardi system, developed specifically for the real estate fund sector."

"Link Asset Services will continue to deliver enhanced client value through ongoing investment in technology, people and processes, putting us in an excellent position to develop strong partnerships with our existing and new clients."

Peter Greenslade, finance director at Tilstone Partners, added: "Link Asset Services has been a valuable resource during the period leading up to the IPO."

"We are aware of the team's extensive knowledge of real estate funds and this assisted us in making the decision to appoint Link Asset Services to administer our fund."

Post-trade upgrade ahead for Tadawul

The Saudi Stock Exchange, Tadawul, has signed an agreement for Nasdaq to replace its post-trade technology infrastructure.

Nasdaq's technology will replace Tadawul's current registry, depository, clearing and settlement solution, which was implemented in 2001, and will support the existing trading and market surveillance technology.

Nasdaq will also introduce a new central counterparty clearing solution, allowing the exchange and other market participants to introduce new asset classes to the market.

These changes are intended to improve the efficiency and effectiveness of the market, and to reduce risk in the post-trade area, in compliance with international standards.

Khalid Abdullah Al-Hussan, CEO of Tadawul, said: "This crucial step goes hand in hand with all the market enhancements we have undertaken to integrate securities trading in Saudi Arabia with global equity markets and enhance post-trade infrastructure and efficiency for local and foreign investors."

Adena Friedman, president and CEO of Nasdaq, said: "By addressing the demand to overhaul, modernise and evolve its post-trade infrastructure, this demonstrates a clear vision by Tadawul to attract capital—both domestic and foreign—and present Riyadh as a major financial destination with best-in-class technology operating at its core."

The technology upgrade is intended to be completed by late 2020.

Custody battle

Industry participants gathered for this year’s Global Custody Forum to discuss the latest trends, challenges and emerging markets in the custody space

Becky Butcher reports

Over the past year, the financial services industry has been dominated by preparation for the implementation of the second Markets in Financial Instruments Directive (MiFID II), which comes into effect 3 January 2018.

Many industry participants have raised concerns about the scope of the changes and the uncertainty surrounding the directive, with some suggesting it has been the biggest challenge of the year.

With only 28 days left to go before initiative comes into effect, less than half of attendees at the Global Custody Forum in London said they felt they would be compliant in time.

In a session on the countdown to the directive, run by Oliver Laurent, senior product manager of regulatory change at HSBC, 75 percent of those in attendance said they would be affected by the implementation of MiFID II, however significantly fewer were confident they would be compliant by the deadline.

Laurent suggested that it has been “very difficult” to comply with all components of MiFID II, and that market participants will likely take a ‘day-one’ and ‘day-two’ approach on the implementation date.

According to Laurent, market participants will not report on things like corporate actions on day one, but will be ready to report on other components, such as legal agreements.

Part of EU legislation, MiFID II regulates firms that provide any services to clients linked to financial instruments and venues where these instruments are traded. Laurent suggested that there has also been interest in the directive from other countries outside of Europe.

He said: “In the coming years we could see similar initiatives in emerging markets such as Asia and the Pacific.”

“It is good to see interest from other countries who want to take up the benefits of MiFID II.”

Elsewhere, in a panel discussion on the new custody landscape, it emerged that asset servicing professionals have mixed views on whether the market will see new global custody players appearing over the coming years.

On the panel, which focused on how worldwide custody is changing, Rohinton Mewawala, COO of StockHolding, said that the top 10 global custodians will remain as they are in the near future, however he suggested that, nevertheless, “there will be change”.

Mewawala explained that institutions will start to do more around customer service, using application programme interfaces.

“This way, the customer will be able to read data and pick up what they want from there, using that data and producing analytics in the way they want to.”

He commented: "I think there will be change, but I still don't think the top are going to lose their space, because I think in the forthcoming market, even if they do not change for the next five years, it is not going to be all chartered."

"Custodians are going to be inefficient," he said, and stressed that they "need to do something".

However, Mewawala explained that if custodians work on this today, 10 years from now, the same top 10 will stand, but they will be making a good profit.

Ulf Noren, global head of custody sales at SEB, had a different outlook, suggesting that people making these predictions "might regret them".

Noren said: "This will be a long journey, but I think we will see a slow consolidation sweeping over a number of central securities depositories."

He also noted that this could be the case on the sub-custodian side. Technology will also play an "important part" in this process, according to Noren.

He said technology will change the industry we work in, "providing we find a way to overcome the biggest threat we will ever face, and that is cyber crime".

At the conference, attendees also heard how three-day movement of cash by BACS in the UK is "shameful".

This panel, on how not to fail in the post-trade transitions, featured Beverley Furman, managing executive of central securities depository operations at Strate, who agreed that "banks are waking up and realising the UK is slow."

She said: "These UK banks do need to realise that technology is the future of cryptocurrencies".

To achieve this increase in overall speed, Furman said there needs to be "more of a collaboration and a sense of partnership [between global custodians]".

"Global custodians' main concerns are asset recording and settlement achievements," she said.

Other panellists noted that automation in both T+1 and T+2 environments are beneficial to the industry and the speed of moving cash.

R. Anand, head of custody at StockHolding, suggested that "the level of automation in a T+1 environment helps us".

Brian Allis, senior vice president and head of State Street trustees, added: "With T+2 you can usually get all your cash ready quicker."

Furman added that if there were to be a clearer structure in the industry across the world, regardless of time zone and automation, it would help financial management information systems especially. Allis said the US model is one "to follow and learn from".

"There are single platforms of dismediation already happening in the US—it's way ahead of Europe in that sense," he explained.

"MiFID II has given the UK challenges with a compromised timeline. But US models, and also German models, in terms of buy side, are the ones to follow."

Emerging markets in the custody space were also a talking point at this year's forum.

In his keynote address, Mewawala spoke on key trends in emerging markets, suggesting that they are playing an increasingly important role in the global economic system.

More than half of global economic growth is now driven by markets such as Brazil, China, India, Russia and South Africa, according to Mewawala.

He suggested that, for investors, these countries have also offered some of the "most spectacular" returns over the long-term.

According to statistics presented by Mewawala, China's new normal growth rate is "significantly lower" than those recorded in the past two decades, while India has the highest gross domestic product growth rate projection.

However, Brazil is suffering from stagflation and negative growth rates, while Russian economic plans to revive growth have been affected by a steep fall in oil prices and economic sanctions.

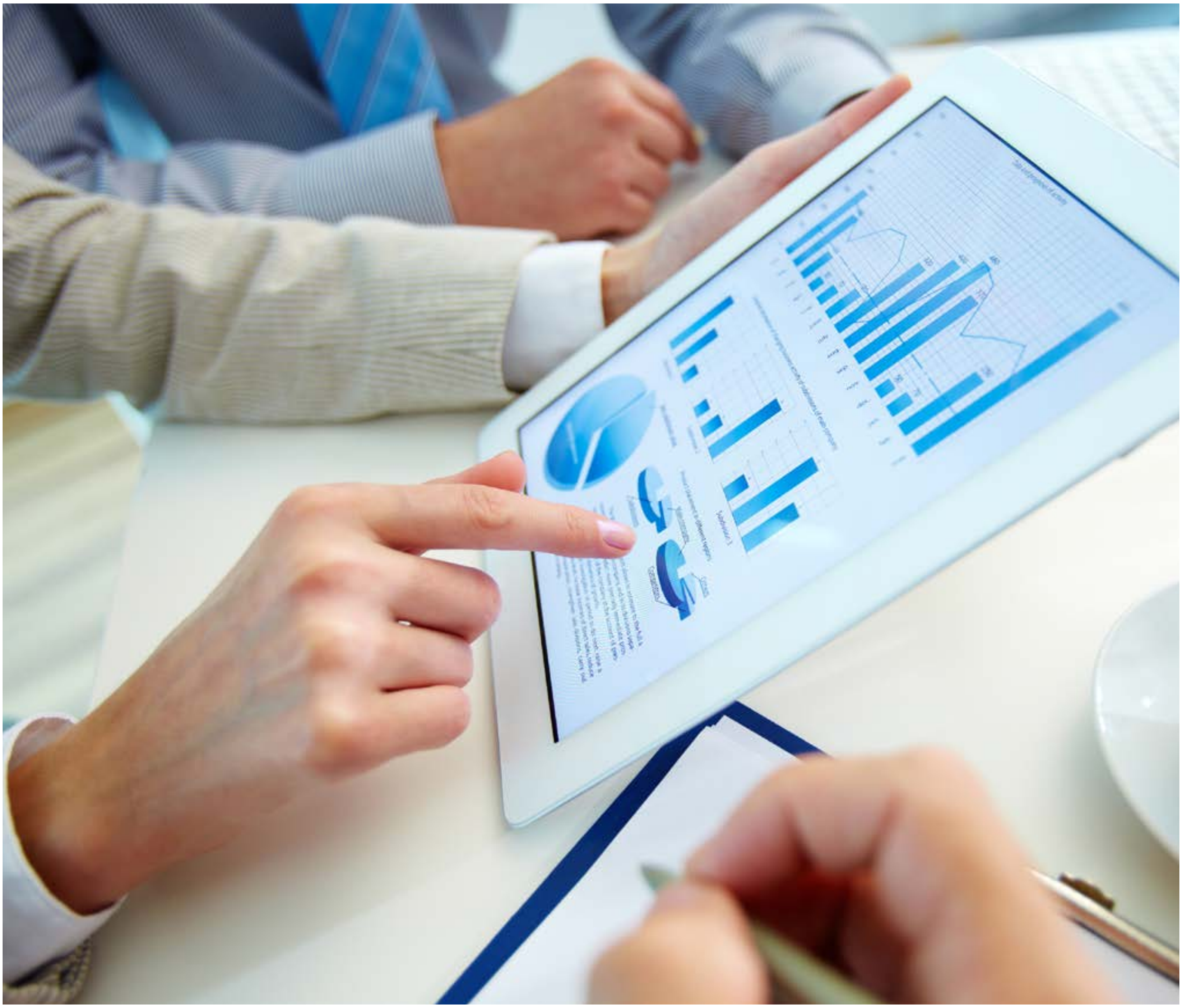
Finally, the presentation showed that South Africa is currently on the brink of recession and is also battling stagflation.

Mewawala explained that all emerging markets are currently facing challenges, such as a significant funding gap, limited choice, expensive capital, lack of avenues to deploy domestic savings, poor pricing efficiency, currency issues and lack of diversification.

However, emerging markets can also take advantage of opportunities including the development of a liquid government debt securities market, development of a broader investment base, an increase in issuer participation, a path for sustainable integration into global markets, tax incentives and empowering regulatory institutions.

Mewawala said: "India is growing, and returns are going to be higher than 20 percent."

He added that India will be the "most profitable destination for custodians for another five to 10 years", while other emerging markets will also "bounce back". **AST**



Collaboration is key

With the industry in perpetual change, it's important for firms to work together to take advantage of big data, according to Roy Kirby of SIX

Theo Andrew reports

What does the industry need to do to make better use of big data?

As a vendor, you can see the differences between organisations that just want to buy something to meet a regulation, and those that really have a long-term strategy. In the middle, there is room for different approaches, and what we see as an industry is the movement away from some of our own older business models, towards where we want to be in the future.

Industry leaders are looking at implementing chief data officers (CDOs), but a lot of firms are much further behind on their road maps. They need to be thinking about how to implement these roles into their business—a lot of companies wouldn't even be ready to implement a first iteration of a CDO yet.

Artificial Intelligence (AI), data mining and big data are just buzzwords in and of themselves, if the technology can't be harnessed to create useful products that solve a business need. If you have a business need, you might need a very small piece of information, supplied to you in a very certain way that you trust.

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There's simply no need for a massive system that is over-engineered or takes too long to process.

You need to have a strategy. You need to work out what you are paying for and where the overlaps in data are, in order to free up costs. At the moment, the regulations have been coming up thick and fast and nobody has had any respite.

One thing the industry needs to consider is whether this is an inflection point—a time for looking at what we have done in the past and thinking about where we go from here. We need to strip back and make use of the core data we have. We need to know where it's from and that we can trust it, as well as having good reference points around it, so that it can be used easily.

How will companies fare with the implementation of MiFID II?

The second Markets in Financial Instruments Directive (MiFID II) goes live in January and has obviously taken up all of firms' resources, and more. There are a few more regulations still coming in, but because they aren't as big as MiFID II, companies may be able to enjoy some respite.

What I hope all firms have done, however, is have a MiFID II 2.0 in place already. When people have created a regulatory project, they tend to have a checklist, collect their data and choose their systems. Traditionally, they will battle over the areas they want to go and fix, but will never get round to actually doing anything.

However, with MiFID II, because there are some things within the regulation that are open to interpretation, if you haven't planned to keep the project open next year as well, then you are going to have problems. SIX will continue its MiFID II projects next year, despite the regulation coming into effect on 3 January 2018, to help its clients adjust.

How do firms deal with varying regulation across different jurisdictions?

In the EU, there has been, and will continue to be, an alignment in regulation and in the way certain things are looked at, for example, investor protection. But, there will always be a per-country interest, primarily because of the economic climate we are in and the difference in business cultures, even inside the EU.

If we look at the US and the EU, the alignment is already there, because the US is such an important trading partner. If you are not aligned with US regulation, laws and taxation, you are not going to do much business. And, because the cross-border issue is there already, people are already starting to align. The mindset of two of three years ago, where people didn't see this as a top priority, has disappeared. Now, you have to make this a priority in order to do business, or you will be closed down.

In addition, timelines of regulation are always hard to predict, as they often get extended by six months to a year. In this case, the work needs to be done anyway. There was some furore about regulatory changes when the administration changed in the US, but it hasn't happened yet. The regulations are still there; they might look slightly different, but they haven't been ripped up.

IRS 871m seems like an important tax regulation in the US, should EU firms be worried about it too?

The US government's Internal Revenue Service (IRS) states that people must pay tax on financial instruments that reference US equity. Firms in Europe that create a financial products with a US underlying have to realise that there is a US tax obligation for investors. Things like dividend payments come into scope with that. It's a new theme—the government is trying to get some revenue, it has found a regulatory loophole and is working on closing it. US firms are worried about it, but European firms should be worried too.

With regards to the back office, you need to know what is in your products and whether you are tax liable or not, but these rules also influence product creation. Obviously, there is a balance that needs to be met, if you can get a 1 or 2 percent return, and there is a taxation element of 5 percent then maybe it isn't worth it. It's something that we will see more of across Europe.

In addition, banks will start to clock on to where you are domiciled. If you have three different banks in three countries, then it is important to take into account the tax implication of where those products will come from.

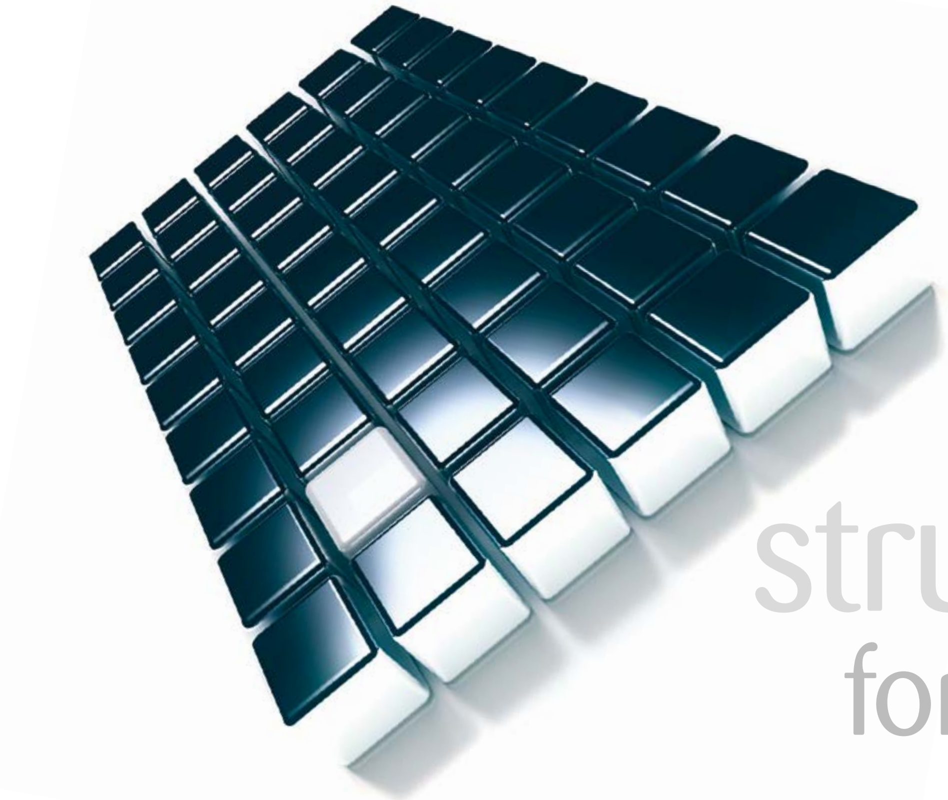
Do you think more collaboration between vendors and banks is necessary?

We would love to see a lot more collaboration between customers and providers. When regulation comes out, don't look at it in isolation. Join a working group or a forum and speak to each other to find a common way of solving it.

A bank doesn't make money out of dealing with it, but if it is better positioned than other banks to deal with regulation, then it will be much more competitive. There are many common themes that banks in the industry should push onto the vendors, and we don't see them doing that a lot. It happens individually, but not as a forum.

In addition, vendors need to communicate more as well. We each have core strengths, so if we pull together then we will be able to provide better products to our customers. It has always been about 'me and my team', and now the industry as a whole might be under pressure from other areas, so all the different players will have to work together.

Collectively, the industry sees the regulators as doing a good job, but, two or three years ago, everybody would have said the regulators were over-regulating and doing too much. The regulators are much closer to the industry now, and this is down to more transparency in the industry, which conferences and events can help to achieve. It's no longer just a sales pitch—the industry is honing in on some key discussion points. **AST**



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Comings and goings at CIBC Mellon, Northern Trust, Citi and more

CIBC Mellon has appointed Bill Graves as chief technology and data officer.

In the newly-created role, Graves will be responsible for leading the firm's technology mandate, which includes overseeing its data strategy and client technologies, as well as aligning its technological solutions with parent companies CIBC and BNY Mellon.

Previously, Graves served in senior technology and data roles in the financial services sector for over 20 years.

Steven Wolff, president and CEO of CIBC Mellon, said: "CIBC Mellon is investing in people and processes as we look to support our clients in entering the data era. It's important to continue to invest in technological capabilities, innovations and solutions to help propel our clients, employees and company forward."

"Bill Graves brings extensive and relevant experience to his new role, and I am confident Graves will help us empower clients and support them in navigating the rapidly expanding and complex data environment."

Graves added: "I am excited to join CIBC Mellon at this time of change and I look forward to helping support institutional investors' technology and data needs."

Citi has appointed Brian Ovaert as managing director and global head of securities services and issuer services operations, based in New York.

In his new role, Ovaert will be responsible for overall strategic direction of the securities services operations function, as well as the day-to-day activities of the business.

He will report to Stuart Riley, global head of markets and securities services operations and technology, and Okan Pekin, global head of prime, futures and securities services.

Previously, Ovaert worked at Northern Trust for more than 25 years, most recently as executive vice president and head of enterprise operations across asset servicing, asset management and banking.

Riley said: "This is a significant leadership role for the securities services business and it's a pleasure to have someone of Brian Ovaert's caliber join our team."

"He has a strong track record and a wealth of experience that will have an immediate impact on our growing franchise."

Pekin added: "The securities services platform is of critical importance to the bank as we continue to expand our global capabilities. Brian Ovaert will complement our existing strengths and help build upon the momentum we have achieved."

Northern Trust has appointed Michael Mahoney as transition manager for Europe, the Middle East and Africa (EMEA).

He will be based in London and will report to Craig Blackbourn, who was appointed head of Northern Trust's transition management team in January.

Mahoney will focus on transition management services for insurance companies and financial institutions across the EMEA region.

Prior to Northern Trust, Mahoney was at State Street Global Markets, where he was transition manager and portfolio trader.

Blackbourn said: "Michael Mahoney's appointment underlines our continued commitment to investing in our global transition management business."

He added: "Northern Trust's transition management offering is centred around minimising risk and controlling costs, alongside maximising transparency for our clients, and Michael Mahoney's extensive experience will be invaluable in delivering exemplary performance throughout the transition management lifecycle."

BNP Paribas Asset Management has appointed Philip Dawes as head of institutional sales for the UK and Ireland.

Dawes will be based in London and will report to Charles Janssen, head of institutional sales for Europe.

In his new role, Dawes will be responsible for developing the BNP Paribas Asset Management business across the UK.

He joins from Allianz Global Investors (AGI), where he was head of the UK institutional business.

Prior to this, he was head of consultant relations for Europe, and chair of AGI's global consultant relations group.

Charles Janssen said: "I am very pleased to welcome Philip Dawes to BNP Paribas Asset Management. He has considerable knowledge of the UK institutional market, as well as extensive involvement in product development for strategies covering both public and private markets."

"His experience of developing tailored solutions to meet clients' specific requirements will be invaluable as we expand our offering and capabilities within the UK market."

CACEIS has appointed Francesca De Bartolomeo as head of regional coverage for Southern Europe and Latin America.

De Bartolomeo will be responsible for the group's sales and relationship management operations in Southern Europe and Latin America.

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She also serves on the executive committee of CACEIS Bank in Italy. Previously, Bartolomeo was head of investor sales for Southern Europe at Citi.

RBC Investor & Treasury Services has appointed Annette Niebuhr as managing director for network management in the product management team.

Niebuhr will be responsible for overseeing the network management function across the Americas, and developing strategic partnerships with agent banks.

Based in Toronto, she will also support Canadian clients' global network management requirements.

Niebuhr joins from BMO Capital Markets, where she was managing director of strategy and customer programmes. Before this, she was head of corporate banking at Danske Bank in London.

Paul Stillabower, global head of product management at RBC I&TS, said: "Annette Niebuhr's deep market knowledge and insights, coupled with her strong strategic planning background in investor services adds a great deal of strength to our global team and supports our focus on providing an exceptional client experience."

Elsewhere, RBC I&TS has hired Marian Azer as managing director and head of I&TS product management for the Asia Pacific (APAC) region and COO of global client coverage for Australia.

Based in Sydney, Azer will report jointly to Stillabower and David Travers, head of I&TS Australia. Azer will oversee the design and execution of RBC I&TS product management in APAC, and for governance for all client coverage activities in Australia.

Prior to RBC I&TS, Azer was head of product and investor services at JPMorgan Chase, and before this she held senior roles at Mercer and BNP Paribas. She has more than 20 years' experience in financial services.

Travers said: "Marian Azer joins us at an exciting time for our Australian business, where we have invested in new technology and people to enhance our business and position us for future growth in this strategically important market."

Stillabower added: "Globally, we are focused on being a specialist provider, delivering market-leading products and technologies that evolve with our clients' needs."

"With Marian Azer's background and strong expertise, we are well placed to bolster our product offering in Australia and Asia."

This is the latest new hire to the Sydney office, following the appointment of David Brown, who was named managing director and head of global client coverage for Australia at RBC I&TS in November. **AST**